

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7019
BILL NUMBER: SB 195

DATE PREPARED: Dec 28, 2000
BILL AMENDED:

SUBJECT: Sale of Insurance by Financial Institutions.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill prohibits a financial institution from including insurance premium expenses in the primary credit transaction unless it has written consent from the customer. The bill allows the Commissioner of Insurance to exempt a financial institution under certain circumstances from the requirement of maintaining physically separated premises for the sale of insurance. The bill also prohibits a financial institution from the following: (1) Rejecting an insurance policy solely because the policy was sold by a person who is not associated with the financial institution when the insurance is required for a loan or extension of credit. (2) Requiring a debtor, insurer, or insurance agent to pay a separate charge for insurance that is required for the loan or extension of credit unless the charge is also required when the financial institution provides the insurance. It requires the financial institution to disclose to a consumer that the choice of an insurance provider will not affect the credit decision or credit terms of the transaction. The bill requires a person selling insurance at a financial institution to keep separate records that must be made available for inspection.

Effective Date: July 1, 2001.

Explanation of State Expenditures: If the Department of Insurance needed additional staff to carry out the review of books or records by a financial institution under investigation there are several possibilities for the funds and resources required above. The possibilities include: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The Department currently has several vacancies authorized. The vacancies include six examiner positions. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance; Department of Financial Institutions.

Local Agencies Affected:

Information Sources: